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GENERAL COUNSEL

OCT 6 2000

Before the State of South Carolina
Department of Insurance

STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

In the matter of:)
)
Old Republic Insurance Company)
)
414 West Pittsburg Street)
Greensburg, Pennsylvania 15601)
_____)

Consent Order
Imposing Administrative Penalty

File Number
102017

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Old Republic Insurance Company, an insurer licensed to transact insurance business within the State of South Carolina.

Old Republic hereby admits, and I find as fact, that it utilized an unlicensed adjuster to evaluate a South Carolina automobile insurance claim. Old Republic has asserted that this occurred as a result of an administrative oversight on its part, in that the adjuster was under the impression that the employee in charge of licensing non-resident adjusters had followed through with the task. This is a direct violation of § 38-47-10 (Supp. 1999) of the South Carolina Code and can ultimately lead to the revocation of that insurer's certificate of authority, pursuant to South Carolina Code § 38-2-10 (Supp. 1999) and 38-5-130 (Supp. 1999), to transact the business of insurance within the State of South Carolina, following a public hearing before the Administrative Law Judge Division.

Prior to the initiation of formal administrative disciplinary proceedings by the Department against it, Old Republic and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that, in lieu of the Department's filing of a petition to revoke Old Republic's certificate of authority to transact business as an insurer within the State of South Carolina, the insurer would waive its right to a public hearing and immediately submit to the Department, via check, an administrative penalty in the total amount of \$2,000.

South Carolina Code § 38-47-10 (Supp. 1999) requires, in pertinent part, that "every individual commonly called and adjuster, adjusting losses for an insurer licensed to do business in this State, must be licensed by the Director or his designee."

After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact and conclusions of law, although I can now revoke Old Republic's certificate of authority, I hereby impose an administrative penalty in the amount of \$2,000 against the insurer pursuant to the authority provided to

de Old Republic Insurance Company

me by the State of South Carolina General Assembly in S.C. Code Ann. § 38-5-130 (Supp. 1999) and 38-2-10 (Supp. 1999). This administrative penalty must be paid within ten days of my date and my signature upon this Consent Order Imposing Administrative Penalty. If that total amount is not paid on, or before, that date, then Old Republic's certificate of authority to transact business, as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings. This penalty has been reached by the parties as a result of negotiation and compromise, and in consideration of Old Republic's assurance that it will in the future comply with South Carolina's insurance laws, particularly regarding the use of only licensed adjusters to adjust South Carolina claims.

By the signature of one of its officers or authorized representatives upon this Consent Order Imposing Administrative Penalty, Old Republic acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's Freedom of Information Act, S.C. Code Ann. § 30-4-10, et seq. (1976, as amended and Supp. 1997).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 1999), of the Director of Insurance, exercised either directly or through the Department, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is therefore, ordered, that Old Republic shall, within ten days of my date and my signature upon this Consent Order Imposing Administrative Penalty, pay through the Department an administrative penalty in the total amount of \$2,000.

It is further ordered that a copy of this Consent Order Imposing Administrative Penalty shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This Consent Order becomes effective on the date of my signature below.



Ernst N. Csiszar
Director

October ____, 2000 at
Columbia, South Carolina

ck Old Republic Insurance Company

I CONSENT:

David C. Kostenbader
Signature of Authorized Representative

DAVID C. KOSTENBADER
Print Name

ASSISTANT CONTROLLER
Title

Old Republic Insurance Company
414 West Pittsburg Street
Greensburg, Pennsylvania 15601-0789

Dated this 3RD day of October, 2000